

Access to Cash

Call for Evidence: Summary of Responses

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ISBN: 978-1-911686-04-0

PU: 3139

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Chapter 1

Introduction

- 1.1 The number of payments made in cash has declined in recent years, as people adopt cards and other forms of digital payments. However, the government recognises that cash remains important to many businesses and individuals across the UK. The Chancellor therefore announced at Budget 2020 that the government would bring forward legislation to protect access to cash and ensure the UK's cash infrastructure is sustainable for the long term.
- 1.2 To inform the development of legislation, the government published its 'Access to Cash: Call for Evidence'¹ ('Call for Evidence') in October 2020 seeking views on the key considerations associated with cash access, including deposit and withdrawal facilities, cash acceptance, and regulatory oversight of the cash system.
- 1.3 This document summarises the responses received from the Call for Evidence. The government would like to thank the 85 respondents who shared views. This included individuals, businesses, and charities, reflecting views from a range of different interests in this issue.
- 1.4 The government has published its consultation on access to cash² alongside this document, which seeks further views on proposals for cash access legislation. These two publications should be read in conjunction with one another.

¹ [Access to cash: Call for Evidence, HM Treasury, 2020](#)

² ['Access to Cash Consultation', HM Treasury, 2020](#)

Chapter 2

Summary of Responses

Question 1: How can the government ensure the UK maintains an appropriate network of cash withdrawal facilities over time through legislation?

- 2.1 Overall, there was strong support for government intervening to protect access to cash through legislation, and respondents welcomed the government's aim of maintaining an appropriate network of cash facilities.
- 2.2 The majority of responses agreed with the government's objective that cash access solutions must be flexible in responding to changing needs and demands for cash over time.
- 2.3 Where respondents provided views on where obligations to maintain cash should apply, the majority proposed or anticipated that they would be placed on the major retail banks. In some instances, respondents proposed that legislative requirements should be extended to larger building societies, smaller and/or digital-only banks, or all participants in the cash infrastructure.
- 2.4 Many respondents acknowledged the need for a form of geographic requirement to maintain an appropriate level of access. For example, references were made to Sweden, where the government has recently legislated to ensure that major retail banks provide withdrawal facilities for personal customers, and deposit facilities for business customers, within a given distance of residences.
- 2.5 Factors including vulnerability, accessibility, local geography, population density, income, and the economics of cash provision were all cited as important considerations.
- 2.6 Beyond the coverage of facilities, many emphasised the distinction between free access and facilities that charge at the point of withdrawal; there was a spectrum of views on this matter, with some respondents highlighting that mandating free access would inadvertently reduce access points, for example by resulting in the closure of pay-to-use Automated Teller Machines (ATMs), which can be a valuable source of access.

Government response

- 2.7 Following consideration of the responses, the government proposes that legislation allows requirements to be placed on certain firms to maintain access to cash on a geographic basis relative to the population. Details of these proposals are set out in the consultation published alongside this document.

Question 2: What is the potential for cashback to play a greater role in the provision of cash withdrawal facilities, and how can legislation facilitate further adoption of cashback?

- 2.8 The majority of respondents supported the government's views on the potential for cashback to play an important role in cash provision, highlighting the benefits to both customers and merchants, including the potential to facilitate local cash recycling, support ease of consumer access, and contribute to the continued acceptance of cash.
- 2.9 On removing legislative barriers to offering cashback without a purchase, respondents were strongly supportive, with some arguing that this would be the most impactful legislative intervention that government could make to protect access to cash. This is due to considerations such as the potential to address gaps in the distribution of withdrawal facilities in local communities.
- 2.10 A range of suggestions were presented to help support the provision and uptake of cashback. These included: ensuring appropriate incentives for providers; security arrangements; fraud prevention; and, customer protections. Some respondents flagged opposition against legislative requirements mandating the provision of cashback, whether it be with or without a purchase.

Government response

- 2.11 As a consequence of our departure from the European Union, and the ability to diverge from the Second EU Payments Services Directive, the government took the opportunity to accept an amendment to the Financial Services Bill on cashback without a purchase. As a result, the Financial Services Act 2021 removes barriers to cashback without a purchase. These changes will make it easier for businesses, including local shops, cafes, and supermarkets, to offer cashback without the need for a customer to make a purchase. The government believes this intervention will support cash withdrawal facilities in the UK. It is important that sectors, including the financial services and retail industries, now work collaboratively to ensure appropriate arrangements are in place to make a success of this opportunity.

Question 3: How can the government ensure the UK maintains an appropriate network of cash deposit-taking facilities over time through legislation?

- 2.12 There was broad support from respondents for government interventions to ensure the provision of depositing facilities, provided this did not include mandating specific facilities or solutions. Bank branches were generally noted as a favoured method of depositing cash, particularly for business customers, due to factors such as the level of security offered. Respondents acknowledged that branch closures are putting pressure on the deposit network and some called for measures to protect the 'last branch in town'.
- 2.13 Many respondents highlighted the important role of the Post Office in supporting the network of cash depositing services. However, opening hours, queues, security issues and public awareness of facilities were noted as concerns, along with the voluntary nature of the Post Office Banking Framework Agreement that enables Everyday Banking at Post Office branches.¹
- 2.14 Several respondents commented on the potential for new, innovative solutions to play an important role, such as automated deposit-taking facilities or shared deposit services. It was noted that such solutions may require technological changes and the development of supporting commercial arrangements.
- 2.15 As with withdrawal facilities, some respondents suggested that legislation create a general obligation on firms, such as major retail banks, to provide a suitable network of deposit facilities.
- 2.16 The heightened importance of deposit facilities for Small and Medium Enterprise (SME) customers was noted, with respondents acknowledging that the availability and cost of deposits are a substantial factor in determining whether merchants accept cash.

Government response

- 2.17 Following consideration of the responses, the government proposes that legislation allows requirements to be placed on certain firms to maintain access to cash on a geographic basis relative to the population. Details of these proposals are set out in the consultation published alongside this document.
- 2.18 The government continues to be fully supportive of the Banking Framework Agreement between the Post Office and financial institutions.

¹ [Everyday Banking, Post Office](#)

Question 4: What are the key factors and considerations for maintaining cash acceptance in the UK?

- 2.19 Respondents noted that cash acceptance by businesses was crucial for a sustainable cash infrastructure, but largely recognised or supported the government's position that individuals and businesses should remain free to determine which form of payment they wish to accept. A minority of respondents advocated legislation to mandate cash acceptance, either across the board or in certain sectors, locations, or circumstances.
- 2.20 Customer preference, cost, and ease of depositing cash, along with the relative costs of accepting other forms of payments, were all highlighted as key factors in determining whether shops accepted cash.
- 2.21 Many responses highlighted the impact of COVID-19 in reducing cash use and acceptance, recognising that it was yet unclear what the lasting impacts of the pandemic will be.

Government response

- 2.22 The government maintains its position that individuals and businesses should remain free to determine which form of payment they wish to offer. However, the government also recognises the importance cash acceptance serves within a sustainable cash system and will continue to be attentive to this consideration in its approach to protecting cash.
- 2.23 The government notes that legislation in the 'Financial Services Act 2021' to make it easier for shops to offer cashback without a purchase has the potential to support cash acceptance and local cash recycling.

Question 5: Should the government give a single regulator overall statutory responsibility for maintaining a well-functioning retail cash distribution network? If so, with which regulator should this responsibility sit?

- 2.24 The government's Call for Evidence highlighted that there may be significant benefit in giving a single authority overall responsibility for the retail cash distribution, and that the Financial Conduct Authority (FCA) may be well positioned to take on this role.
- 2.25 There was broad consensus among respondents that oversight should focus on maintaining good outcomes for consumers, whilst remaining flexible in order to adapt to changing cash use behaviours over time, and to accommodate new models for supporting cash access.
- 2.26 Responses acknowledged the individual and complementary roles played by the FCA, Payments Systems Regulator (PSR), and Bank of England, and voiced support for maintaining their respective existing responsibilities. There was agreement that effective coordination between responsible authorities would therefore continue to be important, for example through the Joint Authorities Cash Strategy Group.
- 2.27 However, compatible with this, there was also strong support for the government's view that there would be benefit in giving a single authority lead responsibility for oversight of the retail cash system. The key reasons cited for this included: improving clarity; reducing friction; providing accountability; and, enhancing coordination.
- 2.28 The vast majority of respondents across sectors either supported or were content with this role being undertaken by the FCA. With regards to what new responsibilities for cash could be given to a lead regulator, suggestions included responsibility for overseeing that: coverage standards are met; local community needs are considered; and solutions are commissioned where there are gaps in provision.
- 2.29 A number of respondents asserted that regulatory requirements on cash access should be placed on the retail banking sector, whilst a smaller number questioned whether regulatory oversight should extend to other parties such as retailers.
- 2.30 Responses also noted the importance of ensuring a coordinated and synchronised approach to the regulation of retail and wholesale cash access.

Next steps

- 2.31 Responses to the Call for Evidence voiced strong support for the FCA being given additional responsibilities for ensuring access to cash and for it being established as lead regulator for retail cash provision. Further detail on proposals for this are set out in the consultation published alongside this document.

Annex A

List of Respondents

List of respondents from organisations, businesses and charities

- Accenture
- Access to Cash Review Team
- Age UK
- Alzheimer's Society
- Association of Convenience Stores
- ATM Industry Association
- Barclays
- British Retail Consortium
- Cambuslang Council
- Cardtronics
- CBI
- Centre for Commercial Law at the University of Aberdeen
- Christian's Against Poverty
- Citizens Advice
- Citizens in the London Borough of Barnet
- Community Access to Cash Pilots Board
- De La Rue
- Enryo and Vendorcom
- Fair By Design
- Federation of Small Businesses
- Financial Inclusion Commission
- Financial Services Consumer Panel, Financial Conduct Authority
- G4S
- GLORY Global Solutions (International) Ltd
- GMB Union

- Government Banking Services
- HSBC UK
- Institute and Faculty of Actuaries
- International Currency Association
- KAL
- Later Life Ambitions
- LINK
- LINK Consumer Council
- Lloyds Banking Group
- Loomis
- Mastercard
- Money Advice Trust
- Money and Mental Health Policy Institute
- Money and Pensions Services
- Monzo
- National Federation of Retail Newsagents
- National Federation of Sub-Postmasters
- Nationwide Building Society
- Natwest
- NCR Corporation
- NoteMachine
- OneBanks
- Paypoint
- Petrol Retailers Association
- Positive Money
- Post Office Ltd.
- Retail-BCG
- Sainsbury's Bank
- Santander
- Scottish Grocers' Federation
- Shrap
- Sonect AG

- SPRITE+ Future Payment Systems Working Group
- Tesco Bank
- The Consumer Council
- The Money Charity
- The Plunkett Foundation
- Townswomen's Guilds
- UK Cash Supply Alliance
- UK Finance
- Union of Shop, Distributive and Allied Workers
- University of Bristol
- VISA
- Warwick Institute for the Science of Cities
- Which?
- Whitechapel Think Tank: Future of Payments Working Group

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